

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Independent Auditors' Report**  
**Statement of Financial Position**  
**Statement of Revenue and Expenses**  
**Statement of Changes in Net Assets**  
**Statement of Cash Flows**  
**Notes to Financial Statements**



## INDEPENDENT AUDITORS' REPORT

To the Directors of:  
Canadian Owners and Pilots Association

### Opinion

We have audited the financial statements of Canadian Owners and Pilots Association, which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Owners and Pilots Association as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Frouin Group Professional Corporation  
Ottawa Ontario  
May 11, 2022

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario



**FROUIN**  
GROUP

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	2021	2020 Restated (Note 9)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 418,137	\$ 459,130
Short-term investments (Note 6)	0	26,969
Accounts receivable	272,782	70,326
Canada Emergency Wage Subsidy (CEWS) receivable	0	22,787
Government rebates	23,226	0
Due from COPA Flight Safety Foundation (Note 7)	34,237	53,783
Inventory (Note 2f)	61,596	48,940
Prepaid expenses	<u>88,637</u>	<u>80,612</u>
	898,615	762,547
<b>LONG-TERM INVESTMENTS (Note 6)</b>	<b>2,362,503</b>	<b>1,889,562</b>
<b>PROPERTY AND EQUIPMENT (Notes 2b and 5)</b>	<b><u>16,203</u></b>	<b><u>35,404</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,277,321</u></b>	<b><u>\$ 2,687,513</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 79,800	\$ 85,009
Canada Emergency Business Account (CEBA) loan	60,000	40,000
Due to COPA Special Action Fund (Note 7)	7,366	736
Government remittances	0	15,928
Deferred memberships (Note 2c)	914,263	853,262
Deferred IAOPA revenue	7,500	10,000
Deferred lease inducement	<u>12,594</u>	<u>16,469</u>
	1,081,523	1,021,404
<b>NET ASSETS</b>		
Internally-restricted to general reserve	1,500,000	1,500,000
Invested in capital assets	16,203	35,404
Unrestricted	<u>679,595</u>	<u>130,705</u>
	2,195,798	1,666,109
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,277,321</u></b>	<b><u>\$ 2,687,513</u></b>

**APPROVED ON BEHALF OF THE BOARD:**

Director



Director



(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED STATEMENT OF REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020 Restated (Note 9)
<b>REVENUES</b>		
Memberships	\$ 838,433	\$ 978,342
Safety promotion support	423,579	354,752
Membership programs	71,768	67,941
COPA collection	10,306	18,091
Management fees	20,750	31,429
Event fees	22,764	0
COPA convention	0	2,805
Other	4,853	0
	<u>1,392,453</u>	<u>1,453,360</u>
<b>EXPENSES</b>		
Salaries and benefits	585,288	445,186
Publishing	97,626	154,787
Bad debt expense	3,040	0
Office rent	55,262	54,691
Travel	3,597	12,659
Meeting and directors' expenses	8,435	6,709
Insurance	40,104	46,136
Office	76,119	123,851
Bank and service fees	77,749	57,826
Promotion	53,992	43,513
Professional fees	53,985	165,212
Event expenses	14,270	0
Contributions to Freedom to Fly	0	52,213
Membership	33,158	55,018
Amortization of capital assets (Note 2b)	25,796	5,817
Convention expenses	1,308	28,490
	<u>1,129,729</u>	<u>1,252,108</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>262,724</b>	<b>201,252</b>
Investment income	<u>266,965</u>	<u>133,658</u>
<b>NET EXCESS FOR THE YEAR</b>	<b>\$ <u>529,689</u></b>	<b>\$ <u>334,910</u></b>

(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
<b>NET ASSETS INTERNALLY-RESTRICTED TO GENERAL RESERVE</b>		
Balance - beginning and end of year	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
Balance - beginning of year	\$ 35,404	\$ 65,618
Purchase of capital assets, net of disposals	6,595	(24,397)
Amortization	<u>(25,796)</u>	<u>(5,817)</u>
Balance - end of year	<u>\$ 16,203</u>	<u>\$ 35,404</u>
<b>UNRESTRICTED NET ASSETS</b>		
Excess of revenue over expenses for the year, as previously stated	\$ 529,689	\$ 281,267
Prior period adjustment (Note 9)	<u>0</u>	<u>53,643</u>
Excess of revenue over expenses for the year, restated	529,689	334,910
Balance - beginning of year	130,705	(234,419)
Purchase of capital assets, net of disposals	(6,595)	24,397
Amortization	<u>25,796</u>	<u>5,817</u>
Balance - end of year	<u>\$ 679,595</u>	<u>\$ 130,705</u>

(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**

**AUDITED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020 Restated (Note 9)
<b>CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 529,689	\$ 334,910
Add: Amortization	<u>25,796</u>	<u>5,817</u>
	<b>555,485</b>	<b>340,727</b>
Net change in non-cash working capital		
Accounts receivable	(179,668)	5,351
Due from COPA Special Action Fund	6,630	(20,658)
Due from COPA Flight Safety Foundation	19,546	14,329
Prepaid expenses	(8,025)	37,932
Inventory	(12,656)	(21,516)
Accounts payable and accrued liabilities	(24,364)	114,216
Deferred revenue	<u>54,626</u>	<u>36,547</u>
	<u><b>411,574</b></u>	<u><b>506,928</b></u>
<b>INVESTING ACTIVITIES</b>		
Net (purchase)/disposal of capital assets	(6,595)	24,397
Net (purchases)/sales of investments	<u>(445,972)</u>	<u>(240,996)</u>
	<u><b>(452,567)</b></u>	<u><b>(216,599)</b></u>
<b>NET INCREASE/(DECREASE) IN CASH DURING THE YEAR</b>		
	<b>(40,993)</b>	290,329
<b>CASH, beginning of year</b>	<u><b>459,130</b></u>	<u>168,801</u>
<b>CASH, end of year</b>	<u><b>\$ 418,137</b></u>	<u><b>\$ 459,130</b></u>
<b>REPRESENTED BY:</b>		
Cash	<u><b>\$ 418,137</b></u>	<u><b>\$ 459,130</b></u>

(See accompanying Notes to Financial Statements)

# CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 1. PURPOSE OF THE ORGANIZATION

The Canadian Owners and Pilots Association is engaged in the promotion of flight safety through education and workshops and raises awareness of important issues facing the flying community. Funds are primarily generated through membership fees which include a portion attributable to a subscription to the COPA Flight newspaper. The Association was incorporated under the Canada Corporations Act as a not-for-profit organization and, as such, is exempt from income tax.

These financial statements do not include the accounts of the COPA Flight Safety Foundation and the COPA Special Action Fund Inc. as detailed in note 7.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### a) Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results may differ from those estimates.

#### b) Capital Assets

Capital assets are recorded at cost. Amortization is provided on the straight-line basis over the assets' estimated useful lives as follows:

Furniture and fixtures	10 years
Computer equipment	3 years
Leasehold improvements	87 months

#### c) Revenue recognition

The Association follows the deferral method of accounting for revenue. Membership revenue is recognized on a pro-rata basis over the full term of the membership. Deferred membership revenue represents the unexpired portion of memberships received. Publishing revenue is derived from inserts, classified and display advertisements - revenue is recognized when advertisements are published in COPA publications. Revenue from COPA Collection sales are recognized when the goods are delivered. Registration and sponsorship revenue from events is recognized when the event occurs.



# CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d) Investments

Investments are measured at fair value at each reporting date, with gains and losses recognized in the statement of revenues and expenses as part of investment income.

#### e) Net assets internally-restricted as reserves

The general reserve was established by the Board to cover general operating expenses for one year.

#### f) Inventory

Inventory is comprised of articles for resale and promotion. It is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, short-term investments, accounts receivable, due from COPA Special Action Fund Inc., due from COPA Flight Safety Foundation and accounts payable and accrued liabilities approximate their fair value due to the relatively short period to maturity of the instruments. Long-term investments are carried at fair value. It is management's opinion that COPA is not exposed to significant interest or currency risks arising from these financial instruments.

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association's maximum exposure to credit risk represents the sum of the carrying value of its cash, short and long term investments, accounts receivable, due from COPA Special Action Fund Inc., and due from COPA Flight Safety Foundation. The Association's cash is deposited with a Canadian chartered bank and a major investment broker, and as a result management believes the risk of loss on this item is remote. Management reduces the credit risk attributable to its short term investments by investing in conservative investments. Management believes that most of its accounts receivable at year-end will be collected and, consistent to previous years, has established an allowance for doubtful accounts. Amounts due from COPA Special Action Fund Inc. and due from COPA Flight Safety Foundation are not expected to be a collection problem since they are related parties.

### 4. COMMITMENTS

The Association has leased office space at an annual rate of rent of approximately \$28,631 per year plus HST and operating costs, estimated at \$37,928 for 2022, effective until March 31, 2025.

The Association has entered into an agreement with SaltyBooks Bookkeeping Inc. for bookkeeping and financial management services. The Association is required to payment a minimum annual payment of \$47,500 plus applicable taxes.

# CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 4. COMMITMENTS (CONTINUED)

The Association has entered into a Professional Services Agreement with Annex Business Media effective November 2020 to December 2023 to assist with the editing and design of COPA Flight magazine. This agreement requires the Association to issue monthly payments between \$7,800 plus HST and \$9,060 plus HST.

The Association had entered into a conference space contract with the Fairmont Queen Elizabeth for accommodations and meals relating to the 2020 IAOPA Conference. Due to the ongoing COVID-19 pandemic, the IAOPA conference has since been postponed to 2023 and a revised addendum is currently being negotiated for the conference to take place in 2022. Due to these ongoing negotiations, the original addendum is still in effect with revisions to the cancellation policy. In the situation that the event is cancelled, the Association would be liable to pay a cancellation fee of \$31,866 plus HST.

The Association had entered into a contract with Le Bateau Mouche for accommodations and meals relating to the 2020 IAOPA conference. Due to the ongoing COVID-19 pandemic, the IAOPA conference has since been postponed further to 2023 and the contract has been deferred to the future event. In the situation the event is cancelled, the Association would lose all deposits paid, totaling \$10,762.

The Association has entered into an agreement with ForceFive Media for website design and development services. The Association has paid a retainer and is liable to pay an additional \$4,875 plus applicable taxes.

The Association has entered into various contracts and leases for office equipment. The approximate annual payments for these contracts is as follows:

2022	\$ 6,844
2023	\$ 6,844
2024	\$ 6,844
2025	\$ 2,279

### 5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2021	Net Book Value 2020
Furniture and fixtures	\$ 50,489	\$ (45,561)	\$ 4,928	\$ 6,265
Computer equipment	260,963	(251,256)	9,707	26,874
Leasehold improvements	<u>5,051</u>	<u>(3,483)</u>	<u>1,568</u>	<u>2,265</u>
TOTAL	\$ <u>316,503</u>	\$ <u>(300,300)</u>	\$ <u>16,203</u>	\$ <u>35,404</u>

# CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 6. INVESTMENTS

	Initial Cost	Maturity Date	Yield	2021 Fair Value	2020 Fair Value
<b>Short-term investments</b>					
CDN Imperial Bank of Comm	26,843	16-04-21	2.433%	\$ 0	\$ 26,969
<b>Long-term investments</b>					
Province of Ontario	20,870	08-09-26	1.350%	20,514	0
PH&N High Yield Bond-F	108,064	N/A	N/A	114,787	90,019
Canada Housing Trust	22,134	15-12-24	1.800%	21,430	25,902
BMO MSCI EAFE Index ETF	125,196	N/A	N/A	140,448	110,432
Province of Ontario	30,548	02-06-26	2.400%	30,260	36,941
Province of Quebec	28,662	01-09-23	3.000%	0	29,309
BMO NASDAQ 100 Equity	69,844	N/A	N/A	126,861	100,279
Industrial Alliance	51,457	23-02-27	2.640%	51,991	52,890
NBI Sustainable Cdn Corp ETF	16,784	N/A	N/A	115,632	0
NBI Intl High Conviction Equity	102,889	N/A	N/A	146,148	116,979
NBI High Yield Bond ETF	22,134	N/A	N/A	5,810	0
Bank of Nova Scotia	22,780	01-05-23	2.380%	22,476	0
TD Fixed Income Pool - F Ser.	105,593	N/A	N/A	104,157	0
Horizons Active Cdn Div ETF	190,730	N/A	N/A	239,701	203,790
NBI U.S. High Conviction Equity	152,572	N/A	N/A	243,256	184,049
Ishares Core S&P 500 ETF	118,391	N/A	N/A	234,232	185,703
Ishares Core S&P/TSX ETF	185,460	N/A	N/A	256,348	224,404
Royal Bank of Canada	16,784	02-07-24	2.352%	16,667	0
MBAF Trust SRS-FF	70,000	N/A	N/A	0	70,294
BMO Equal Weight REITS Index	71,861	N/A	N/A	81,387	0
NBC Auto Callable Contingent	75,000	N/A	N/A	73,950	71,275
Horizons Active Corp Bond ETF	30,548	N/A	N/A	0	145,026
Province of Alberta	12,602	01-12-48	3.050%	12,120	15,061
Ishares Gold Bullion ETF	72,954	N/A	N/A	77,948	59,525
Ishares Core Cdn ST Bond ETF	111,680	N/A	N/A	109,440	0
Bank of Montreal	12,381	17-06-30	N/A	12,338	0
RBC Dep NT	19,618	21-03-22	2.000%	0	19,951
BMO S/A NVCC	14,444	17-06-30	N/A	0	14,907
Canada	17,705	01-06-33	5.750%	16,480	25,746
Province of Ontario S/A	52,726	02-06-37	4.700%	50,364	69,502
Province of Quebec S/A	15,486	01-12-38	5.000%	14,766	18,757
Province of Quebec S/A	15,651	01-12-45	3.500%	14,913	18,821
Province of Ontario S/A	7,755	02-12-51	1.900%	8,079	0
				<u>2,362,503</u>	<u>1,889,562</u>
<b>TOTAL INVESTMENTS</b>				<u>\$ 2,362,503</u>	<u>\$ 1,916,531</u>

# CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 7. RELATED PARTIES

The Canadian Owners and Pilots Association (COPA) controls the following not-for-profit organizations. In each case, membership in the organization is limited to the directors of COPA and the directors of the controlled organization must be either officers or members of the Executive Committee of COPA. These organizations have not been consolidated in COPA's financial statements, but financial statements for each of the controlled organizations are available upon request.

(a) COPA Flight Safety Foundation (the Foundation) is an organization incorporated under the laws of Canada without share capital. It is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors. The Foundation solicits donations and other funding to promote flight safety by way of an annual safety bulletin publication. The Neil Armstrong Scholarship Fund is a fund maintained within the Foundation to provide annual flight training annuities to qualified scholarship applicants.

(b) COPA Special Action Fund (the Fund) is an organization incorporated under the laws of Canada without share capital. It is empowered to solicit contributions to be used at the discretion of the Board of Directors to pay legal and other professional fees and expenses in connection with contemplated actions and public relations campaigns as a means to influence and convince all levels of government and their agencies to provide more appropriate and sound aeronautical legislation and regulation.

<b>COPA Flight Safety Foundation</b>	<b>2021</b>	<b>2020</b>
Total Assets	\$ <u>450,511</u>	\$ <u>189,086</u>
Total liabilities	\$ 151,361	\$ 69,191
Fund balances	<u>299,150</u>	<u>119,895</u>
Total liabilities and fund balances	\$ <u>450,511</u>	\$ <u>189,086</u>
Total revenue	\$ 199,404	\$ 22,561
Total expenses	<u>(20,149)</u>	<u>(13,092)</u>
Excess of expenses over revenue for the year	\$ <u>179,255</u>	\$ <u>9,469</u>
Cash provided / (used) by operating activities	\$ 236,176	\$ 141
Cash provided / (used) in investing activities	<u>(209,974)</u>	<u>(11,631)</u>
Net change in cash during the year	\$ <u>26,202</u>	\$ <u>(11,490)</u>
Due (to) / from COPA	\$ <u>(34,237)</u>	\$ <u>(53,783)</u>
Administration fees paid to COPA	\$ <u>3,019</u>	\$ <u>0</u>

# CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 7. RELATED PARTIES (CONTINUED)

COPA Special Action Fund Inc. operating as "Freedom to Fly Fund"	2021	2020
Total assets	\$ <u>834,396</u>	\$ <u>759,575</u>
Internally-restricted net assets	\$ 10,000	\$ 10,000
Unrestricted net assets	<u>824,396</u>	<u>749,575</u>
Total liabilities and net assets	\$ <u>834,396</u>	\$ <u>759,575</u>
Total revenue	\$ 117,863	\$ 121,068
Total expenses	<u>(43,042)</u>	<u>(104,375)</u>
Excess of expenses over revenue	\$ <u>74,821</u>	\$ <u>16,693</u>
Cash provided / (used) in operating activities	\$ 162,927	\$ 80,445
Cash provided / (used) in investing activities	<u>(163,641)</u>	<u>(108,130)</u>
Net increase in cash during the year	\$ <u>(714)</u>	\$ <u>(27,685)</u>
Due (to) / from COPA	\$ <u>7,366</u>	\$ <u>736</u>
Administration fees paid to COPA	\$ <u>8,964</u>	\$ <u>8,310</u>

### 8. FINANCIAL RISK MANAGEMENT POLICY

Canadian Owners and Pilots Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2021:

#### a) Credit risk

Credit risk associated with their investments is minimized by investing these assets in fixed income investments and widely-traded equities and fixed income funds. An ongoing review is performed to evaluate changes in the status of investments under the Association's investment policy.

## CANADIAN OWNERS AND PILOTS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

#### 8. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

##### b) Currency risk

The Association's functional currency is the Canadian dollar. The Association does not enter into foreign currency transactions and does not use foreign exchange forward contracts.

##### c) Liquidity risk

The Association manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

##### d) Interest rate risk

The Association is exposed to interest rate risk with regards to its cash and short-term and long-term investments. The Association has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the Association's results of operations. Fixed income investments have a low interest rate risk due to their short-term nature. Therefore, this risk does not have a significant impact.

#### 9. PRIOR PERIOD ADJUSTMENT

In previous years, deferred membership revenues were recorded based on management's estimate regarding unexpired portions of memberships at the end of the fiscal year. This was due to software program limitations to retrieve the unexpired portions of memberships from the membership database. This estimate was prepared on the basis of total memberships issued during the year and prorated based on the month the membership was issued. During the 2021 audit, we were able to access the necessary information from the database to determine the unexpired portions of each membership to calculate both the 2021 and 2020 fiscal year ending balances. Consequently, this required an adjustment to bring the 2020 deferred memberships to their actual amounts and resulted in a decrease in deferred memberships and an increase in net assets amounting to \$53,643.

#### 10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current presentation.

# CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 11. COVID-19 AND OPERATIONS

The ongoing COVID-19 pandemic has had an impact on the Association's activities in the current fiscal year as the IAOPA conference that had been postponed until 2022 has now been further delayed until 2023. No cancellation fees are expected to be incurred as a result of these postponements. The Association is also currently in the process of negotiating a smaller arrangement with the venue due to anticipating a smaller conference than originally expected. The changes associated with these negotiations cannot be quantified and are unknown at this time. Currently, amounts paid to the venue and the majority of registrations received will be carried forward to the future event.